

# TOWN OF LOS ALTOS HILLS

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## Policy, Procedures and Guidelines Sanitary Sewer Reimbursement Agreements

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Adopted June 7, 2001

### **Policy:**

The Town of Los Altos Hills wishes to encourage the availability of public sanitary sewers for all Town residents in a fair and rational way. In order to facilitate this goal, the Town will enter into an agreement with property owners willing or required to construct public sanitary sewer infrastructure in order to reimburse those constructors for a fair share of the direct cost of construction collected from properties that directly benefit from that construction.

### **Reference:**

Title 6, "Sanitation and Health"; Chapter 4 "Sewage"; Article 5, "Sewer Improvement Reimbursement"; Los Altos Hills Municipal Code

### **Procedures and Guidelines:**

- 1) A Property owner, or legal entity, in the Town of Los Altos Hills may make application to the Town to enter into a Reimbursement Agreement. If Property Owners are outside the Town limits they must apply for annexation or an out-of-services agreement and work with LAFCo.
- 2) Applications for a Reimbursement Agreement shall include the applicant's name and address, two (2) sets of the approved, engineered plans for the construction, an engineer's estimate of the cost of construction (See 6 below, the estimated cost is only used as an indicator of the expected size of the project.), and a list of the proposed future users with supporting documentation. Supporting documentation may include a Town topographic map or a topographic map prepared by a licensed civil engineer for the area of the Reimbursement Agreement at the discretion of the City Engineer. (See 9 below).

After receiving and checking the submitted information, the City Engineer will meet with the Property Owner and provide any comments regarding the submitted information to the Property Owner.

Thereafter the City Engineer will send the Property Owner a letter confirming the Town's intent to enter into a Reimbursement Agreement with the Property Owner.

- 3) Reimbursement Agreements may be created retroactively for a period of 10 years after the date of construction and acceptance by the Town, upon submittal of the information indicated in 2) above. The Town will not collect reimbursement fees nor be responsible for connections made before the creation of the Reimbursement Agreement.
- 4) Reimbursement Agreements shall utilize a standard form agreement prepared and approved by the City Attorney. A blank standard form agreement is available to applicants for their information.
- 5) Reimbursement Agreements will only be submitted to the City Council for approval after the final project cost has been determined, the list of future users has been reviewed and approved by the staff and the construction has been accepted by the Town.
- 6) The final project cost shall include only the following items:
  - a) Design costs,
  - b) Construction costs,
  - c) Construction services such as construction inspection, compaction testing, and staking, etc,
  - d) Town and City of Los Altos permit fees,
  - e) Other documented Governmental Agency fees,
  - f) Attorney fees as required for the Reimbursement Agreement but limited to 5% of the final construction cost and supported by documentation,
  - g) Land acquisition costs limited to the appraised cost of the land as determined by a certified, Town approved property appraiser.

Interest and other costs shall not be included. In case of questions, the City Engineer will make the determination of applicability. Itemized invoices describing work performed shall be submitted to the City Engineer for review and approval at the completion of the project.

- 7) The properties included in the list of future users will generally be referred to as the Reimbursement Agreement Service Area and shall be approved by the City Engineer.
- 8) The term of a Reimbursement Agreement shall be 15 years.
- 9) Future users shall only include those properties that will directly benefit from the construction as follows. (Future users may include properties not currently within the Town limits.)
  - a) For gravity sanitary sewer mains, future users are all those properties that have frontage along the gravity sewer main and can connect directly, via a single lateral, to the gravity sanitary sewer main.

The minimum length of sanitary sewer main extension that the City Engineer will permit to be constructed in the public right of way shall be 200 lineal feet.

b) For public lift stations and force mains, future users shall be all of those properties within the basin that will need to use the lift station and force main for public sanitary sewer service

Lift stations with a service area of 25 properties or more, may be public and those with a service area of fewer than 10 properties shall be private. The determination of public or private status for lift stations with a service area of between 10 and 24 properties will be made by the staff on a case-by-case basis. Guidance for service areas may be obtained from the Lift Station Master Plan by Robinson and Associates, dated May 16, 2000.

c) The property of initial investors in a Reimbursement Agreement shall be included in the Reimbursement Agreement Service Area for the purposes of calculating reimbursement amounts but will be deemed to have paid the reimbursement amount by virtue of being an initial investor. A list of initial investors shall be submitted with the final project cost.

10) The Property Owner may, at the Property Owners option, extend the gravity sanitary sewer main past the Owner's property to include additional properties into the Reimbursement Agreement Service Area.

11) Reimbursable costs shall be apportioned equally to the properties in the Reimbursement Agreement service area. Should a lot in a service area be subsequently subdivided, each subsequent lot shall pay a prorated share of the original reimbursement amount upon connection.

12) The Town Engineering Department will maintain a list of all properties in approved Reimbursement Agreement service areas with assessor parcel numbers (APN), address, date of expiration of the Reimbursement Agreement and the reimbursement amount. A copy of this list shall be given to the Building Department and Finance Department each time the list is revised or at a minimum on June 30 each year. The Reimbursement Agreement list will be revised each time a new Reimbursement Agreement is approved or when an existing agreement has expired. On June 30<sup>th</sup> of each year the reimbursement amount on the list of properties shall be adjusted for the Construction Cost Index for the prior year.

13) Before issuing a Building Permit or a Plumbing Permit for a sewer connection, the Building Department will determine if the property is on the Reimbursement Agreement list and refer the prospective permittee to the Engineering Department for payment of any applicable reimbursement amount before issuing the permit. Likewise the Engineering or Public Works Departments shall check the list and collect the applicable reimbursement amount before issuing an Encroachment Permit for a sewer lateral connection.